

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MCCREARY COUNTY	)	
WATER DISTRICT FOR A CERTIFICATE OF	)	
PUBLIC CONVENIENCE AND NECESSITY TO	)	CASE NO.
CONSTRUCT, FINANCE AND INCREASE RATES	)	2001-338
PURSUANT TO KRS 278.023	)	

O R D E R

On October 16, 2001, McCreary County Water District ("McCreary District") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$7,542,000 wastewater improvement project. This project consists of the installation of a wastewater treatment plant, lift station and approximately 8 miles of 10-inch sewer transmission force main to provide service to the new U.S. Federal Bureau of Prisons facility. Phase I of this project includes the construction of the oxidation ditches, secondary clarifiers and tertiary clarifiers. Project funding consists of an \$850,000 loan from the U.S. Department of Agriculture's Rural Development ("RD"), a \$1,150,000 grant from the RD, a \$400,000 grant from the Appalachian Regional Commission, a \$2,000,000 Community Development Block Grant and a \$3,142,000 contribution from the U.S. Federal Bureau of Prisons.

McCreary District's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the

necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in the case on October 16, 2001, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. McCreary District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. McCreary District's proposed plan of financing with RD is accepted.

3. McCreary District is authorized to issue bonds not to exceed \$850,000.

4. McCreary District shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

6. McCreary District shall file its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

7. McCreary District shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

8. McCreary District shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

9. Three years from the effective date of this Order, McCreary District shall file an income statement, along with any pro forma adjustments, in sufficient detail to

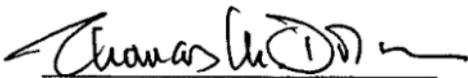
demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 15<sup>th</sup> day of November, 2001.

By the Commission

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2001-338 DATED NOVEMBER 15, 2001

The following rates and charges are prescribed for the customers in the area formerly served by McCreary County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Sewer Rates

Federal Prison Facility:

First	1,300,000 gallons	\$ 4,710.20	Minimum bill
All Over	1,300,000 gallons	3.60	per 1,000 gallons